Amendments to the Claims:

This listing of the claims will replace all prior versions, and listings of claims in the application:

Listing of Claims:

1. (cancelled)

2. (cancelled)

3. (cancelled)

4. (cancelled)

5. (cancelled)

6. (cancelled)

7. (cancelled)

8. (cancelled)

9. (cancelled)

10. (cancelled)

11. (cancelled)

12. (currently amended) A method for selectively adjusting the file size of digital images stored in a memory of a digital camera having a predetermined memory space, comprising the steps of:

(a) capturing a first image and storing the captured first image using a specific file size, the captured first image being compressed prior to storage;

(b) adjusting the file size of the stored first image based on the available memory space in the digital camera memory so that a subsequent captured image can be stored; and

(c) capturing a subsequent image and storing the captured subsequent image with the adjusted first image,

(d) wherein the compressed first image is organized into a plurality of quality layers, and wherein one or more of such quality layers can be deleted to reduce the file size of the compressed first image and thereby increase the available digital camera memory space.

13. (cancelled)

14. (currently amended) The method of claim ~~13~~ 12 wherein the first image is compressed using embedded quantization.

15. (original) The method of claim 14 wherein the first image is compressed in accordance with JPEG2000.

16. (cancelled)

17. (currently amended) The method of claim ~~16~~ 12 wherein the amount of memory space required to store each of the plurality of quality layers is stored in a table accessible by the digital camera.

18 (currently amended) The method of claim ~~13~~ 12 wherein the compressed first image is organized into a plurality of resolution layers and quality layers and wherein one or more of such resolution layers and quality layers can be deleted to reduce the file size of the compressed first image and thereby increase the available digital camera memory space.

19. (original) The method of claim 18 wherein the amount of memory space required to store each of the plurality of resolution layers and quality layers is stored in a table accessible by the digital camera.

20. (currently amended) A method for selectively adjusting the quality levels of digital images stored in a memory of a digital camera having a predetermined memory space in a range from a minimum acceptable quality level to the highest quality level, comprising the steps of:

(a) storing images at the highest quality level until the available memory space does not permit the storage of a subsequent image at the highest quality level;

(b) reducing the quality level of at least one of the stored images so that the available memory space is capable of storing a subsequent captured image at the minimum acceptable quality level; and

(c) capturing a subsequent image and storing the captured subsequent image at a quality level within the quality level range; and

(d) indicating to a camera user that the subsequent captured image cannot be stored unless the minimum acceptable quality level is reduced for one or more stored images.

21. (original) The method of claim 20 wherein a user selects the minimum acceptable quality level for each image to be stored, and wherein the reducing step includes first reducing the quality levels of the stored images having the highest differential between the user selected minimum acceptable quality level and the stored quality level.

22. (original) The method of claim 20 wherein the available memory space is adjusted to provide for the storage of more than one subsequent captured image.

23. (cancelled)

24. (currently amended) A method for selectively adjusting the resolution levels or the quality levels of digital images stored in a memory of a digital camera having a predetermined memory space, comprising the steps of:

(a) capturing a first image and storing the captured first image at a specific resolution level or quality level, wherein the stored first image is organized into a plurality of quality layers;

(b) after capturing a subsequent image, adjusting the resolution level or quality level of the stored first image ~~based on the available memory space in the digital camera memory~~ by deleting one or more of the plurality of quality levels so that the captured subsequent image can be stored; and

(c) storing the captured subsequent image with the adjusted first image.

25. (cancelled)

26. (currently amended) The method of claim ~~25~~ 24 wherein the first image is compressed using embedded quantization.

27. (original) The method of claim 26 wherein the first image is compressed in accordance with JPEG2000.

28. (currently amended) A method for selectively adjusting the file size of digital images stored in a memory of a digital camera having a predetermined memory space, comprising the steps of:

(a) capturing a first image and storing the captured first image using a specific file size, the captured first image being compressed prior to storage;

(b) after capturing a subsequent image, adjusting the file size of the stored first image based on the available memory space in the digital camera memory so that the captured subsequent image can be stored; and

(c) storing the captured subsequent image with the adjusted first image,

(d) wherein the compressed first image is organized into a plurality of quality layers, and wherein one or more of such quality layers can be deleted to reduce the file size of the compressed first image and thereby increase the available digital camera memory space.

29. (cancelled).

30. (currently amended) The method of claim ~~29~~ 28 wherein the first image is compressed using embedded quantization.

31. (original) The method of claim 30 wherein the first image is compressed in accordance with JPEG2000.

32. (cancelled)

33. (currently amended) The method of claim ~~32~~ 28 wherein the amount of memory space required to store each of the plurality of quality layers is stored in a table accessible by the digital camera.

34. (currently amended) The method of claim ~~29~~ 28 wherein the compressed first image is organized into a plurality of resolution layers and quality layers and wherein one or more of such resolution layers and quality layers can be deleted to reduce the file size of the compressed first image and thereby increase the available digital camera memory space.

35. (original) The method of claim 34 wherein the amount of memory space required to store each of the plurality of resolution layers and quality layers is stored in a table accessible by the digital camera.

36. (currently amended) A method for selectively adjusting the quality levels of digital images stored in a memory of a digital camera having a predetermined memory space in a range from a minimum acceptable quality level to the highest quality level, comprising the steps of:

(a) storing images at the highest quality level until the available memory space does not permit the storage of a subsequent image at the highest quality level;

(b) after capturing such subsequent image, reducing the quality level of at least one of the stored images so that the available memory space is capable of storing the subsequent captured image at the minimum acceptable quality level; and

(c) storing the subsequent image at a quality level within the quality level range;

(d) wherein a user selects the minimum acceptable quality level for each image to be stored, and wherein the reducing step includes first reducing the quality levels of the stored images having the highest differential between the user selected minimum acceptable quality level and the stored quality level.

37. (cancelled)

38. (original) The method of claim 36 wherein the available memory space is adjusted to provide for the storage of more than one subsequent captured image.

39. (currently amended) The method of claim 36 further including the step of indicating to a camera user that the [a] subsequent captured image cannot be stored unless the minimum acceptable quality level is reduced for one or more stored images.

40. (new) A method for adjusting the file size of digital images stored in a memory of a digital camera, comprising:

(a) capturing an image;

(b) compressing the captured image to produce a compressed image;

(c) organizing the compressed image into a first image file including a plurality of quality layers and having a first image file size;

(d) storing the first image file in the memory of the digital camera;

(e) deleting at least one of the plurality of quality layers from the first image file to reduce the size of the stored first image file;

(f) capturing a subsequent image;

(g) compressing the subsequent image to produce a compressed subsequent image; and

(h) storing the compressed subsequent image in the memory of the digital camera.

41. (new) The method of claim 40 wherein the captured image is compressed using embedded quantization.

42. (new) The method of claim 40 wherein the captured image is compressed in accordance with JPEG2000.

43. (new) The method of claim 40 wherein the amount of memory space required to store each of the plurality of quality layers is stored in a table accessible by the digital camera.

44. (new) The method of claim 40 wherein the first image file is organized into a plurality of resolution layers and quality layers, and wherein one or more of such resolution layers and quality layers can be deleted to reduce the file size of the first image file.

45. (new) The method of claim 44 wherein the amount of memory space required to store each of the plurality of resolution layers and quality layers is stored in a table accessible by the digital camera.